

Message Text

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INFO OCT-01 ISO-00 EURE-00 SP-02 USIA-06 AID-05 EB-08
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P 251533Z AUG 77
FM AMEMBASSY BERLIN
TO SECSTATE WASHDC PRIORITY 5459

C O N F I D E N T I A L SECTION 01 OF 03 BERLIN 06948

E.O.11652; GDS
TAGS; PGOV, GE, US
SUBJECT; CALL ON MINISTER OF FOREIGN TRADE HORST SOELLE

SUMMARY: DURING AUGUST 24 COURTESY CALL ON GDR FOREIGN
MINISTER SOELLE (WHICH EAST GERMANS ARRANGED BEFORE
THE LEIPZIG FAIR EVEN THOUGH WE HAD BEEN TOLD HE MOST
LIKELY WOULD NOT BE AVAILABLE UNTIL AFTER THE FAIR),
SOELLE STRESSED HIS GOVERNMENT'S DESIRE FOR AN EXPANSION
OF US-GDR TRADE, AND TO MAKE PROGRESS RAPIDLY. HE
ALLUDED TO MFN/JACKSON-VANIK, AND EXPRESSED HOPE WE
COULD MOVE TOWARD MORE BALANCED TRADE. HE EXPRESSED A
DESIRE TO MAINTAIN CONTACT WITH THE EMBASSY ON TRADE
MATTERS. IN REPLY I EXPRESSED OUR INTEREST IN AN
EXPANSION OF TRADE AS AN IMPORTANT INGREDIENT IN OUR
OVERALL RELATIONS. I NOTED THE ROLE A CONSULAR CONVENTION
COULD PLAY IN IMPROVING RELATIONS. I MENTIONED THINGS
WE HAD DONE WHICH INDICATED OUR INTEREST IN EXPANDING
TRADE, NOTED OUR DESIRE TO REMAIN A RELIABLE AGRICULTURAL
TRADE SUPPLIER, AND STRESSED OUR INTEREST IN CONDUCTING
TECHNICAL SALES SEMINAR. I OUTLINED STEPS THE GDR COULD
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TAKE TO IMPROVE AWARENESS OF ITS PRODUCTS IN THE U.S.
MARKET, INCLUDING THE PROVIDING OF MORE USEFUL
DETAILED STATISTICAL INFORMATION, OBSERVING THAT, GIVEN
EXISTING LEGISLATION, THERE WERE A NUMBER OF STEPS
THAT CAN AND SHOULD BE TAKEN TO EXPAND TRADE. END
SUMMARY.

1. I PAID AN INITIAL CALL ON MINISTER OF FOREIGN TRADE HORST SOELLE AUGUST 24 TO DISCUSS US-GDR TRADE AND ECONOMIC RELATIONS, ACCOMPANIED BY THIRD SECRETARY BEMIS. SOELLE WAS CORDIAL, BUSINESSLIKE, AND CANDID IN EXPRESSING HIS WISH TO PROMOTE AN EXPANSION IN US-GDR TRADE RELATIONS. HE CONGRATULATED ME ON MY APPOINTMENT AS AMBASSADOR. SOELLE SAID HE ATTACHED GREAT IMPORTANCE TO BECOMING ACQUAINTED WITH ME "SO THAT ALL MATTERS CAN BE DISCUSSED."

2. I NOTED THAT I HAD BEEN PROMPTLY AND WELL RECEIVED BY GDR LEADERS AND EXPRESSED MY APPRECIATION. I THANKED THE MINISTER FOR RECEIVING ME IN VIEW OF HIS VERY BUSY SCHEDULE IN PREPARATION FOR THE LEIPZIG FAIR NEXT WEEK. I TOLD THE MINISTER I WOULD ATTEND THE LEIPZIG FAIR, WHICH WOULD PROVIDE AN OPPORTUNITY TO GET A FIRST-HAND IMPRESSION OF THE GDR ECONOMIC AND TRADE POTENTIAL.

3. SOELLE REPLIED THAT TRADE BETWEEN THE GDR AND THE U.S. HAD INCREASED, ESPECIALLY GDR IMPORTS FROM THE U.S.; HE JOKED THAT THE "BIG U.S. IS EMBELLISHING ITS TRADE BALANCE THROUGH THIS TRADE." GDR TRADE REPRESENTATIVES IN THE U.S. HAD BEEN BUSY AND HAD ESTABLISHED VALUABLE CONTACTS WITH AMERICAN FIRMS. HE NOTED THAT STATE SECRETARY BEIL HAD VISITED THE U.S. THREE TIMES SINCE ESTABLISHMENT OF RELATIONS. SOME AGREEMENTS HAD BEEN CONCLUDED. "WE PLEDGED PURCHASE OF YOUR GRAIN. CONFIDENTIAL

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YOU UNDERTOOK TO ALLOW OUR SHIPS TO CALL IN U.S. PORTS." HE NOTED THAT THE RELATIONS BETWEEN THE TWO COUNTRIES WERE STILL YOUNG; THINGS "MUST NOW PROGRESS RAPIDLY." TRADE MUST BE INCREASED. OBSTACLES MUST BE REMOVED TO IMPLEMENT THIS INCREASE. IN FURTHER ALLUSION TO TRADE DISCRIMINATION AND JACKSON-VANIK, SOELLE NOTED THAT THE GDR DOES NOT ENJOY A FAVORABLE POSITION IN TRADING RELATIONS WITH THE U.S. AND HOPE WE COULD MOVE TOWARD MORE BALANCED TRADE.

4. SOELLE MENTIONED THAT PROBLEMS EXISTED REGARDING LICENSING. HOWEVER, THE GDR WAS AWARE OF THE REALITIES IN THIS AREA AND HARBORED NO ILLUSIONS. THE GDR HAS RELATIONS WITH U.S. SUBSIDIARIES, FOR EXAMPLE IN AUSTRIA; THE GDR WOULD PREFER TO DEAL DIRECTLY WITH THE AMERICAN CORPORATE PARENT AS WELL.

5. IN CONCLUDING HIS INITIAL REMARKS SOELLE AGAIN STRESSED THE IMBALANCE IN TRADE BETWEEN THE U.S. AND THE GDR. THE GDR WISHES RAPID GROWTH IN TRADE, BUT MUST TAKE THE PRESENT IMBALANCE INTO ACCOUNT. SOELLE EXPRESSED A WILLINGNESS TO EXPAND THE

COOPERATION ESTABLISHED WITH AMBASSADOR COOPER AND THE
EMBASSY AND OFFERED TO MEET WITH ME AT ANY TIME TO
DISCUSS TRADE RELATIONS.

6. I THANKED SOELLE FOR THE OPEN AND FRANK
EXPRESSION OF HIS VIEWS. I TOLD HIM TRADE AND ECONOMIC
COOPERATION WAS AN IMPORTANT INGREDIENT IN OUR OVERALL
RELATIONSHIP. SUGGESTIONS HAD BEEN MADE TO CHAIRMAN
HONECKER AND FOREIGN MINISTER FISCHER ON STEPS THAT WOULD
CONTRIBUTE TO AN OVERALL EXPANSION OF OUR RELATIONS. I
SAID WE WERE SEEKING POSITIVE DEVELOPMENTS IN OUR RELATIONS
;SINCE THE CONGRESS AND THE AMERICAN PUBLIC ATTACHED
PRIORITY TO CONSULAR PROTECTION IT WAS IMPORTANT TO
CONCLUDE A CONSULAR CONVENTION WHICH WOULD MAKE A
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H-01 PA-01 PRS-01 CIAE-00 COME-00 FRB-03 INR-07
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FM AMEMBASSY BERLIN

TO SECSTATE WASHDC PRIORITY 5460

C O N F I D E N T I A L SECTION 02 OF 03 BERLIN 06948

MAJOR CONTRIBUTION IN MOVING OUR RELATIONS FORWARD. I
TOLD SOELLE WE HAD WITNESSED CERTAIN GROWTH IN TRADE
BETWEEN OUR TWO COUNTRIES. IT WAS MY HOPE THAT THIS
GROWTH WOULD CONTINUE. THE U.S. SIDE WOULD CONTRIBUTE
TO THAT GOAL IN THE LIGHT OF GENERAL PROGRESS IN OUR
OVER-ALL RELATIONS.

7. I INFORMED SOELLE ABOUT MY TALKS WITH US FIRMS AND BANKS, AND OF THEIR INTEREST IN THE GDR. I WAS AWARE FROM THESE TALKS, AS WELL AS DISCUSSIONS WITH OFFICIALS IN COMMERCE, TREASURY, AND AGRICULTURE THAT CERTAIN PROJECTS WERE BEING IMPLEMENTED. I EXPRESSED APPRECIATION FOR THE GRAIN TRADE ARRANGEMENT AND STATED OUR INTENTION TO REMAIN A RELIABLE SUPPLIER. I MENTIONED THE FISHERIES AGREEMENT, THE PORT ACCESS ARRANGEMENT, US-GDR TRADE AND ECONOMIC COUNCIL, OUR APPROVAL OF AN OFFICE FOR THE GDR MACHINE TOOL ORGANIZATION IN THE US AND OUR READINESS TO CONSIDER ADDITIONAL REQUESTS FOR REPRESENTATION OF OTHER GDR TRADE ORGANIZATIONS IN THE US, TAKING INTO ACCOUNT PROGRESS IN OUR OVERALL RELATIONS. CONTACTS BETWEEN US AND GDR
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FIRMS WERE DEFINITELY INCREASING.

8. I THEN OUTLINED FOR THE MINISTER OUR TRADE PROMOTION PROGRAM INCLUDING THE TECHNICAL SALES SEMINAR ON ENERGY SYSTEMS" IN DECEMBER 1977, THE BUSINESS DEVELOPMENT OFFICE AT THE 1978 LEIPZIG SPRING FAIR, THE MAY 1978 PROCESS CONTROL INSTRUMENTATION SEMINAR, AND THE U.S. EXHIBIT ON CHEMICAL INDUSTRY EQUIPMENT AND TECHNOLOGY AT THE 1978 LEIPZIG FALL FAIR. I TOLD SOELLE WE WERE DOING FORWARD PROMOTION PLANNING FOR 1979 ALONG THE SAME LINES AND WOULD PROVIDE APPROPRIATE ASSISTANCE TO THE GDR WITH ITS TECHNICAL SALES SCHEDULE FOR MAY 1978 IN THE UNITED STATES.

9. I EXPRESSED THE VIEW THAT LITTLE COULD BE DONE ABOUT JACKSON-VANIK IN VIEW OF ITS BROAD IMPLICATIONS. WE SHOULD TRY TO WORK ALONG THE LINES I HAD JUST MENTIONED. I ADDED THAT OUR FIRMS COULD DO MUCH TO EXPAND TRADE FROM THE GDR TO THE US. FOR EXAMPLE, ENGLEHARDT METALS WAS CONTEMPLATING AN INVESTMENT OF \$10 MILLION IN A POTASH PROCESSING PLANT IN THE GDR WHICH WOULD BE LINKED TO GDR EXPORTS TO THE US; THE TARIFF QUESTION DID NOT ARISE IN THIS CASE. ALSO US BANKS HAVE BEEN ACTIVE IN PROVIDING CREDITS TO THE GDR AND OUR INSURANCE AND OTHER FIRMS WERE PREPARED TO COOPERATE WITH THE GDR IN THIRD COUNTRY MARKETS.

10. I EMPHASIZED THAT THE GDR MUST, OF COURSE, ALSO REALIZED. IN ORDER TO BRING MORE TRADE INTO THE US, THE GDR MUST PROVIDE MORE INFORMATION ON TRADE OPPORTUNITIES. THE US DEPARTMENT OF COMMERCE HAS PUBLICATIONS IN WHICH TRADE OPPORTUNITIES MAY BE PUBLISHED AND CIRCULATED TO MEMBERS OF THE BUSINESS COMMUNITY. THIS IS AN APPROACH

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WHICH MAY BE USEFUL FOR THE GDR TO CONSIDER. HOWEVER, POTENTIAL IN THE GDR. WHILE WE APPRECIATE THE STATISTICS PUBLISHED BY THE GDR, IT IS DIFFICULT TO WORK ON THE BASIS OF AGGREGATED FIGURES AND MORE DETAILED INFORMATION IS NECESSARY. I CONCLUDED BY NOTING THAT US FIRMS, MAKE CONTRIBUTIONS TO PRODUCTIVITY IN THE GDR, BUT THAT THEY MUST HAVE ACCESS TO END-USERS TO REALIZE THE FULL POTENTIAL. I ALSO NOTED THAT THE VISIT OF THE DRESDEN ART EXHIBIT TO THE US WOULD RAISE THE VISIBILITY OF THE GDR IN THE US AND CONTRIBUTE TO EXPANSION OF OVER-ALL RELATIONS.

11. SOELLE SEEMED APPRECIATIVE OF OUR PLANNING ON LEIPZIG AND THE TECHNICAL SALES SEMINARS. HE ENCOURAGED THE US TO SEEK OUT TRADE OPPORTUNITIES IN THE GDR AND INDICATED THAT THE GDR WOULD GIVE US SIGNALS "WHEN SUCH PROJECTS HAVE MATURED." HE SIDESTEPED THE QUESTION OF A CONSULAR CONVENTION, NOTING THAT IT WAS NOT IN THE COMPETENCY OF HIS MINISTRY. HE DID AGREE THAT THE CONVENTION WOULD SERVE TO EXPAND TRADE. HE PROMISED TO GIVE US A RESPONSE ON MY SUGGESTION CONCERNING TRADE OPPORTUNITIES. REGARDING MARKET INFORMATION, SOELLE NOTED THAT US FIRMS MUST ALSO BUY FROM THE GDR, AS WELL AS SELL. MORE INFORMATION COULD, HOWEVER, BE PROVIDED TO US FIRMS. ON ACCESS TO END-USERS, SOELLE STATED THAT IN CASES WHERE SUCH ACCESS WOULD BE USEFUL, IT WOULD BE FEASIBLE TO PROVIDE. SOELLE AGAIN STRESSED THE IMPORTANCE OF GOOD RELATIONS.

12. PRIOR TO PARTING I CONVEYED THE APOLOGIES OF SECRETARY BERGLAND AND DEPUTY SECRETARY WHITE OF AGRICULTURE FOR BEING UNABLE TO MEET WITH STATE SECRETARY BEIL DURING THE LATTER'S VISIT TO WASHINGTON IN JUNE. I NOTED OUR INTEREST IN CONTINUING DISCUSSIONS ON GDR GRAIN NEEDS AND OUR WILLINGNESS TO SEND A REPRESENTATIVE FROM WASHINGTON TO CONTINUE THESE DISCUSSIONS.
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FM AMEMBASSY BERLIN

TO SECSTATE WASHDC PRIORITY 5461

C O N F I D E N T I A L SECTION 03 OF 03 BERLIN 06948

12. EMBASSY APPRECIATED RECEIPT OF CABLE (STATE 201424)
OUTLINING JULY DISCUSSIONS IN THE DEPARTMENT OF COMMERCE
WITH GDR EMBASSY REPS ON TRADE MATTERS WHICH ARRIVES JUST
PRIOR TO THE AMBASSADOR'S CALL ON SOELLE. THE EMBASSY
WOULD APPRECIATE IN THE FUTURE TIMELY REPORTING ON THE
SUBSTANCE OF CONTACTS BETWEEN COMMERCE AND THE GDR EMBASSY
ON USG TRADE-COMMERCIAL RELATIONS. BOLEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
Concepts: FOREIGN TRADE, DIPLOMATIC DISCUSSIONS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 25-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Review Action: RELEASED, APPROVED
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Review Release Event: n/a
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Review Withdrawn Fields: n/a
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TAGS: PGOV, ETRD, GC, US, (SOELLE, HORST)
To: STATE
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vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/0e737053-c288-dd11-92da-001cc4696bcc
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